

## **PENN FACT SHEET**

**January 5, 2010**

- ◆ Penn was charged in an Indictment on July 22, 2009, with mortgage fraud, one of nine persons charged in the investigation;
- ◆ The mortgage fraud involved nearly \$20 million in fraudulent loans;
- ◆ One area involved in the fraud was Windsor Village located at Arlington Avenue and 21<sup>st</sup> Street in Indianapolis involving 186 duplexes;
- ◆ All of the Windsor Village properties involved in the scheme went into foreclosure;
- ◆ All of the loans involved in the schemes went into default and the lenders either foreclosed on the homes or took other action, including granting deeds in lieu of foreclosure or allowing short sales of the properties;
- ◆ Participants in the scheme located properties and arranged to purchase them at a fair market value generally by means of an option agreement or unrecorded land contract;
- ◆ Investors were located who were willing to invest their good credit, but no money, to be the purchasers of these properties at a higher price than that negotiated with the seller;
- ◆ Investors were mostly unwitting participants in the scheme and were told they were joining an investment club;
- ◆ Mortgage brokers participating in the scheme prepared fraudulent loan applications;
- ◆ Appraisers participating prepared appraisals which vastly overstated the value of the properties;
- ◆ The false loan applications and appraisals were submitted to lenders;
- ◆ Kickbacks were paid to the participant who located the property; the “investor”; and the loan processors.